

SENATE BILL 2553

By Jackson

AN ACT to amend Tennessee Code Annotated, Title 4,  
Chapter 3, Part 3; Title 6, Chapter 56 and Section  
16-18-310, relative to audits of municipalities.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 6, Chapter 56, Part 1, is amended by deleting Sections 6-56-101 – 6-56-104.

SECTION 2. Tennessee Code Annotated, Section 16-18-310(b), is amended by deleting the language "§ 6-56-101 or".

SECTION 3. Tennessee Code Annotated, Section 6-56-105, is amended by deleting the section and substituting instead:

(a) The governing body of each municipality shall cause an annual audit to be made of the accounts and records of all departments, boards, and agencies under its jurisdiction that receive and disburse funds. The audit must include, but is not limited to, general funds, highway funds, school funds, public utilities, and municipal courts.

(b) The comptroller of the treasury, through the department of audit, shall ensure that the audits are prepared in accordance with generally accepted governmental auditing standards and determine whether the audits meet minimum audit standards, which are prescribed by the comptroller of the treasury. An audit does not meet the requirements of this section until the audit has been approved by the comptroller of the treasury.

(c) The audits may be prepared by certified public accountants or by the department of audit. The cost of each audit must be paid out of the funds of the

municipality, and the governing body of the municipality shall appropriate a sufficient sum for that purpose.

(d) If the governing body of the municipality fails or refuses to have the audit prepared, the comptroller of the treasury may appoint a certified public accountant or direct the department of audit to prepare the audit, the cost of such audit to be paid by the municipality.

(e) All such audits must be completed as soon as practicable after the end of the fiscal year of the municipality. The preparer of the audit shall furnish one (1) copy of each audit to the mayor, chief executive officer, each member of the governing body, and the comptroller of the treasury. Copies of each audit must also be made available to the press.

(f) The result of each audit must be kept as a public and permanent record of the municipality and is subject to the inspection of each citizen or taxpayer.

(g) If a municipality fails to prepare auditable financial records in a timely manner, the comptroller of the treasury may appoint a certified public accountant or certified municipal finance officer to prepare financial records for the municipality's annual audit.

(h) The internal audit staff of the municipality shall conduct audits in accordance with the standards established by the comptroller of the treasury pursuant to § 4-3-304(9).

SECTION 4. This act takes effect upon becoming a law, the public welfare requiring it.